

## **Section 85 Tax Instruction Letter**

*[Tax Instruction Letter about how to complete a Section 85 Tax Election for the exchange of Fiore shares for Calibre Shares and Cash]*

In respect of the Plan of Arrangement between

**CALIBRE MINING CORP.**

and

**FIORE GOLD LTD.**

*The tax election process is time sensitive. Your immediate attention is required  
The deadline for action is end of day April 15, 2022*

The information included in this instruction booklet is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any shareholder of Fiore Gold Ltd. Fiore Shareholders should consult their own tax advisors concerning the tax consequences of the Plan of Arrangement having regard to their particular circumstances.

All capitalized terms used in this document, not otherwise defined herein, have the meanings set forth in the Notice of Special Meeting of Shareholders and Management Information Circular presented to shareholders of Fiore Gold Ltd. and dated December 2, 2021.

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## Summary of Share Exchange

On January 12, 2022, Calibre Mining Corp. (“Calibre”) acquired all of the shares of Fiore Gold Ltd. (“Fiore”), pursuant to a plan of arrangement (the “Arrangement”). Under the Arrangement, each Fiore common share was exchanged for 0.994 of a common share of Calibre and C\$0.10 in cash.

The Arrangement is described in the Notice of Special Meeting of Shareholders and Management Information Circular (“Circular”) presented to shareholders of Fiore Gold Ltd. and dated December 2, 2021.

The transactions that are the subject matter of this Section 85 Tax Instruction Letter are described in the Circular (see page 73 under the heading “Details of the Arrangement”) which states, in general terms, that each outstanding Fiore Share will be irrevocably assigned and transferred by the holder thereof to Calibre in exchange for such number of Calibre Shares as is equal to the Calibre Exchange Ratio (defined within the Circular to be 0.994) and C\$0.10 in cash for each Fiore Share held.

No fractional Calibre Shares will be issued to Fiore Shareholders under the Arrangement (see page D-11 under the heading “No Fractional Shares”). Where the aggregate number of Calibre Shares to be issued to a Fiore Shareholder as consideration under the Arrangement would result in a fraction of a Calibre Share being issuable, the number of Calibre Shares to be received by such Fiore Shareholder shall be rounded down to the nearest whole Calibre Share and no cash or other consideration will be paid to such Fiore Shareholder in lieu of the issuance of any fractional Calibre Share. There is a procedure for an eligible Fiore Shareholder to make a Section 85 tax election to obtain a full or partial tax-deferred rollover for income tax purposes. The ability to make a Section 85 election is time limited (deadline is 15 April 2022) as described in the Circular, plus there are specified tax form completion details and mechanics that must be followed. Please read pages 112 to 114 of the Circular.

Calibre has engaged the firm of BDO Canada LLP to process Section 85 elections for eligible Canadian resident shareholders. Eligible Canadian resident shareholders will need to email BDO Canada LLP to be setup on the website portal established for Fiore Gold shareholders wishing to make a Section 85 election. The BDO website portal shall remain open until 15 April 2022, being (slightly more than) 90 days as provided by the Arrangement.

## Key Information

- BDO Canada LLP (“BDO”) e-mail address for tax elections: [Calibre.tax.elections@bdo.ca](mailto:Calibre.tax.elections@bdo.ca)
- BDO hotline for tax elections: +1 (604) 646-3380.  
A voice mail box will be available to leave messages and BDO team members will respond as soon as possible during business hours of 9am to 5pm pacific.

**Share exchange ratio:** Share exchange ratio: Each outstanding Fiore Share will be exchanged for 0.994 of a Calibre Share and C\$0.10 in cash. For purposes of the Section 85 Tax Election form prepared by BDO Canada LLP, the fair market value (FMV) applied in the tax form will show a value of C\$ 1.43 for each Fiore Share exchanged (given up). This inferred fair market value (FMV) per Fiore Share is based on the C\$1.34 closing price of the Calibre Shares on the Toronto Stock Exchange on January 11, 2022 (the last trading day prior to the implementation of the Arrangement) plus the C\$ 0.10 (ten cents cash) per each Fiore Share. The arithmetic is: 1 Fiore Share = C\$ 1.43 = 0.994 of one Calibre Share with a value of C\$ 1.34, plus C\$ 0.10 cash, or  $[(0.994 \times \text{C}\$ 1.34) + \text{C}\$ 0.10]$ .

### Deadlines:

- Deadline for contacting BDO to submit information to complete a tax election: before end of day April 15, 2022.
- Deadline for filing a Section 85 Tax Election form and any applicable similar joint election under provincial legislation with the tax authorities is the earlier of:
  - June 30, 2023 being Calibre’s expected Canadian income tax filing deadline for its taxation year ending December 31, 2022;

or

- the Fiore Shareholder's deadline for filing their own Canadian income tax return for the taxation year that includes January 12, 2022.

Individuals will generally have to file the tax election on or before their regular income tax filing deadline of **April 30, 2023** as this is the earlier of (i) June 30, 2023 and (ii) April 30, 2023.

Corporations and Trusts may be required to file the tax election earlier than Calibre's income tax corporate filing deadline of June 30, 2023 depending on their taxation year end.

## Option of Filing a Section 85 Tax Election

The exchange of Fiore Shares for Calibre Shares and cash pursuant to the Arrangement will be treated as a disposition (or sale) at fair market value of the Fiore Shares held by each of the Former Fiore Shareholders for Canadian income tax purposes. Because of this sale treatment, Former Fiore Shareholders may realize a gain (or loss) and be subject to tax as a result of the disposition.

It is possible to defer some or all of the tax on any gains realized from the exchange of Fiore Shares for Calibre Shares and cash by making a Section 85 Tax Election and any applicable similar joint election under provincial legislation with Calibre and filing such tax election(s) with the Canada Revenue Agency and any applicable provincial taxation authority in the prescribed form and within the prescribed time. Each Fiore Shareholder is encouraged to review their own situation and make a determination with respect to the filing of a Section 85 Tax Election and any applicable similar joint election under provincial legislation with Calibre in a timely manner.

The joint tax election(s) are optional. However, a Shareholder who does not make the joint tax election(s) with Calibre will NOT obtain a tax-deferred rollover on their gain and may be subject to tax on such a gain. Fiore Shareholders resident for tax purposes in Canada should refer to the summary of principal Canadian federal income tax considerations (pages 111 to 117) in the Circular that explains the income tax results of an exchange of Fiore Shares for Calibre Shares and cash. Fiore Shareholders resident for tax purposes outside Canada should refer to the Canadian tax guidance (pages 117 to 119) of the Circular that explains the Canadian income tax results for a non-resident of Canada in relation to an exchange of Fiore Shares for Calibre Shares and cash.

A Fiore Shareholder that will be eligible to make a Section 85 Tax Election is defined within the JCircular on page D-2. An Eligible Holder means a beneficial owner of Fiore Shares immediately prior to the Effective Time who is: (a) a resident of Canada for purposes of the Tax Act (other than a Tax Exempt Person), or (b) a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt Person).

Calibre has engaged BDO Canada LLP ("BDO") to assist Fiore Shareholders that are eligible to make a Section 85 Tax Election in preparing their Section 85 Tax Election forms and any applicable similar joint elections under provincial legislation. An "Eligible Holder" as described in the Circular that will be eligible to make a Section 85 Tax Election will be entitled to submit the information required to prepare the Section 85 Election and have BDO facilitate the preparation of the tax election by contacting BDO at [Calibre.tax.elections@bdo.ca](mailto:Calibre.tax.elections@bdo.ca) or by calling BDO at +1 (604) 646-3380 and following the instructions provided by BDO (see details below under in this Section 85 Tax Instruction Letter under the heading "How to Complete the Section 85 Tax Election"). Once the election(s) is prepared, the Eligible Holder must sign and file the signed election forms with the applicable Canadian federal and provincial tax authorities as outlined in the Circular.

*Fiore Shareholders that do not complete a Section 85 Tax Election form and any applicable similar joint election under provincial legislation in a timely manner in relation to the proposed Arrangement in accordance with the procedures set out in this Section 85 Tax Instruction Letter **before end of day April 15, 2022** cannot benefit from the rollover provisions of the Canadian income tax legislation. The BDO email and phone contact information for the purposes of these joint elections may be unavailable after*

***April 15, 2022***, thereafter preventing any subsequent submission of information to BDO required for the preparation of the Section 85 Election and for processing and e-mailing of any Section 85 Tax Election forms to be signed and filed.

Once a Section 85 Tax Election form and any applicable similar joint election under provincial legislation has been prepared by BDO and received by an Eligible Holder from BDO, the Eligible Holder is solely responsible for ensuring that the Section 85 Tax Election form and any applicable similar joint election under provincial legislation is signed by the Eligible Holder, and completed correctly (including confirming and validating the completeness and accuracy of the forms, including all numbers appearing on the forms) and filed with the Canada Revenue Agency and any applicable provincial taxation authorities by the applicable deadline.

Neither Calibre, Fiore, nor BDO assumes any responsibility or liability to any Fiore Shareholder in assisting any Fiore Shareholder in preparing a Section 85 Tax Election form or any applicable similar joint election under provincial legislation.

Each Fiore Shareholder has the responsibility for contacting BDO by email or by phone as described below in this Section 85 Tax Instruction Letter and following the instructions provided by BDO for the submission of information required for the preparation of the Section 85 Election within the specific time provided (after which the BDO e-mail and phone contacts for these purposes will no longer be available), and to correctly provide the personal details of the Fiore Shareholder information, Fiore Share tax attributes, and to choose an appropriate agreed amount as described in the Section 85 Tax Election (“Agreed Amount”) or as described in any similarly applicable joint election under provincial legislation. Each Fiore Shareholder is also solely responsible and liable for any taxes, interest, penalties, damages or expenses resulting from the failure by the Fiore Shareholder to properly complete and file a valid Section 85 Tax Election form (or any applicable similar joint election under provincial legislation) in the form and manner and within the time prescribed by Canadian tax legislation.

***Deadline to contact BDO by email or by phone as described below in this Section 85 Tax Instruction Letter to submit information required for the preparation of the Section 85 Election or any applicable similar joint election under provincial legislation is end of day April 15, 2022. After that day, the BDO email and phone contacts for these purposes may no longer be available, preventing any subsequent processing and printing of Section 85 Tax Election forms.***

Details pertaining to the filing deadline and where and how to file the Section 85 Tax Election form and any applicable similar joint election under provincial legislation with the Canada Revenue Agency and any applicable provincial tax authority is described within the tax election form, and should be read by each Fiore Shareholder. Generally, a Section 85 Tax Election form must be filed with a taxation authority by the earlier of:

- i. June 30, 2023, being Calibre’s expected Canadian income tax filing deadline, or
- ii. the Fiore Shareholder’s deadline for filing their own Canadian income tax return for the taxation year that includes the Effective Date of the Arrangement (January 12, 2022).

Individuals will generally have to file the Section 85 Tax Election form and any applicable similar joint election under provincial legislation on or before their regular filing deadline for their Canadian individual income tax returns of April 30, 2023. Fiore Shareholders that are either a corporation or trust may be required to file the Section 85 Tax Election form and any applicable similar joint election under provincial legislation earlier than Calibre’s filing deadline of June 30, 2023, depending on their specific taxation year end. Fiore Shareholders are urged to consult their own tax advisors in respect of their own filing deadlines, as well as to obtain details on where to file and how to file the Section 85 Tax Election forms and any applicable similar joint election under provincial legislation.

The Section 85 Tax Election form and any applicable similar joint election under provincial legislation can only be used to defer a gain on the share exchange and cannot be used if the share exchange creates a loss.

## How to complete the Section 85 Tax Election

Calibre has engaged BDO to assist Fiore Shareholders that are eligible to make a Section 85 Tax Election in preparing their Section 85 Tax Election forms and any applicable similar joint elections under Quebec legislation.

An “Eligible Holder” as described in the Joint Information Circular that will be eligible to make a Section 85 Tax Election and any applicable similar joint election under provincial legislation will be entitled to submit the information required to prepare the election(s) and have BDO facilitate the preparation of the tax election(s) by contacting BDO by e-mailing BDO at [Calibre.tax.elections@bdo.ca](mailto:Calibre.tax.elections@bdo.ca) or by calling BDO at **1 (604) 646-3380** and following the instructions provided by BDO.

At any time, an Eligible Holder may ask for technical assistance using the BDO hotline at **1 (604) 646-3380** (toll-free in Canada). A voice mailbox will be available to leave messages and BDO team members will respond as soon as possible during business hours of 9am to 5pm pacific.

The information that will be requested by BDO for the preparation of the Section 85 Election and any applicable similar joint election under provincial legislation will include the following:

1. **Name of taxpayer** (full name of the individual, corporation, partnership, or trust).
2. **Social insurance number of an individual** (or Business Number of a corporation or partnership) or Trust Account Number of a Trust.
3. **Address** (mailing address).
4. **Taxpayer type:** individual, trust, corporation, or partnership.
5. **Taxation year of taxpayer**

The taxation year of a Fiore Shareholder is the year that includes the effective date of the Arrangement for Canadian income tax purposes. We note that, generally:

- a) Individuals are taxed on a calendar year basis.
- b) Inter vivos trusts are taxed on a calendar year basis.
- c) Testamentary trusts may have a taxation year that ends at any time of the year.
- d) Corporations and partnerships may have a taxation year that ends at any time of the year.

6. **Tax Services Office**

There are numerous Tax Services Offices (“TSO”) across Canada. The TSO applicable to a Fiore Shareholder can be obtained from the Notice of Assessment issued by the CRA to the Fiore Shareholder after filing their most recent tax return.

Alternatively, the Fiore Shareholder can call CRA at 1-800-959-8281 (individuals) or 1-800-959-5525 (corporations and trusts). A complete TSO listing can be found on CRA’s website at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca).

7. **Name of Co-Owner(s)**

If you own the Fiore Shares together with another owner (such as spouse) or owners (a “co-owner” or “co-owners”, as the case may be), there would be a single Agreed Amount applicable to you and any co-owner(s). Where there are multiple co-owners, you must identify each co-owner and provide the same information as requested for the initial owner.

8. **Contact Information**

Provide contact information in case a representative from BDO wishes to clarify the information provided.

9. Are Any of the Properties Transferred Capital Properties?

- Fiore Shareholders holding their shares as capital property should answer this question as “**Yes**”.
- Fiore Shareholders holding their shares in a business of buying and selling stock might be holding their shares as inventory and should answer this question as “**No**”.

Whether the Fiore Shares are held by particular Fiore Shareholders as capital property or inventory will determine how any gain or loss is treated for Canadian income tax purposes. Gains on shares held as capital property will be taxed as a capital gain, only one-half of which will be taxable. Gains on shares held as inventory will be fully taxable as income. Fiore Shareholders that are unsure of the nature of their Fiore Shares should discuss this matter with their own tax advisors.

10. Are You Required to File a Quebec Income Tax Return?

Fiore Shareholders that are required to file a Quebec income tax return are also required to file an additional “Quebec Tax Election Form” that is the provincial equivalent of the federal Section 85 Tax Election form in order to obtain a tax deferral for Quebec income tax purposes.

For Fiore Shareholders that answer “Yes” to this question, BDO will prepare an equivalent Quebec Tax Election for filing by the Fiore Shareholder with the Quebec taxation authority.

11. The Number of Fiore Shares Disposed

This is the number of Fiore Shares disposed (given up) in the exchange of Fiore Shares for Calibre Shares.

12. The Adjusted Cost Base of all Fiore Shares Disposed

The starting point for determining the adjusted cost base of the Fiore Shares for Canadian income tax purposes will generally be what each Fiore Shareholder paid for the shares when acquired, plus any appropriate costs of acquisition. The adjusted cost base may be different due to certain events (e.g., receiving shares from an estate, or where a Fiore Shareholder received their shares due to a previous tax deferred transaction).

The rules on determining the adjusted cost base for Canadian income tax purposes are complex. Neither Calibre nor BDO has access to information that can assist Fiore Shareholders in determining their particular adjusted cost base. Fiore Shareholders should consult their tax advisors to obtain assistance in determining the correct adjusted cost base of their Fiore Shares.

The amount determined for the adjusted cost base of the Fiore Shares should be the adjusted cost base for all the Fiore Shares held at the time by the Fiore Shareholder and that were disposed (given up) for Calibre Shares and cash by the Fiore Shareholder (i.e. the adjusted cost base should not be reported on a “per share” basis).

13. Agreed Amount

The Agreed Amount or “Elected Amount” is chosen (selected) by each Fiore Shareholder, within certain parameters provided for by Canadian tax law, and is defined to become the deemed “proceeds of disposition” that Fiore Shareholders are required to report on their Canadian income tax returns.

Fiore Shareholders that wish to minimize any gain on the disposition of the Fiore Shares should answer “**Yes**” to having the lowest possible Agreed Amount allowed by Canadian tax law to be used in completing the Section 85 Tax Election form.

In some instances, a Fiore Shareholder may wish to report a portion of the gain. Such Fiore Shareholder must understand and follow the rules outlined below to determine the appropriate Agreed Amount in their circumstances.

The Agreed Amount must be within the range defined by Canadian tax law. A Fiore Shareholder may choose any Agreed Amount within the range defined as follows:

1. The Agreed Amount cannot be higher than fair market value of the Fiore Shares disposed;  
and
2. The Agreed Amount cannot be less than the greater of:
  - (i) the aggregate adjusted cost base of the all Fiore Shares disposed, or
  - (ii) the aggregate amount of cash received from Calibre.

Using all the information described above, a Fiore Shareholder will need to determine the Agreed Amount. Upon filing of the Section 85 Tax Election forms and any applicable similar joint elections under provincial legislation this Agreed Amount will be deemed to be the proceeds of disposition of the Fiore Shares of the Fiore Shareholder and must be reported in the Canadian income tax return of the Fiore Shareholder to calculate any gain or loss on the disposition of the Fiore Shares.

If the fair market value of the Fiore Shares is less than the adjusted cost base for a particular Fiore Shareholder resulting in a loss on the exchange, then the particular Fiore Shareholder cannot file a Section 85 Tax Election form or any similar joint election under provincial legislation. The Section 85 Tax Election form and similar joint elections under provincial legislation are only to be used to defer a gain on the transaction and are not applicable in cases where a loss results from the disposition.